From:	Stan Sokolowski <ssokolowski@cifc.com>
To:	Stan Sokolowski <ssokolowski@cifc.com>
CC:	
Date:	Mon, 2/2/2015 7:08:05 PM
Subject:	Daily Update

Quote of the Day

"Sales are contingent upon the attitude of the salesman - not the attitude of the prospect." – W. Clement Stone

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- Happy Ground Hog day (it should be a tough day to see your shadow so maybe we will get an early spring?....). Bad data ended up being bad on Friday as US GDP came in weaker than expected and European CPI showed that prices continue to decline. Risk initially rallied [on short covering and more policy anticipation] but we finished down over 1%. US 10 year yields collapsed from 1.78% to 1.64% by day's end (we are approaching autumn 2012 lows – get ready to refi your mortgage). Oil rallied about 8% too but this was most likely month-end short covering / Baker Hughes data as well as some geopolitical rumors about more towns falling to ISIS. Loans continued to demonstrate stability driven by new CLO pricings. News today / from the weekend includes a weak PMI print from China (in slight contractionary territory) and bubbling animosity between Germany/EU and the Greeks. Updated worry list from my perspective:

    - Weekend press discussed the consumer's apprehension to spend their gas savings windfalls (although there seem to be other positive signs around) – I'm confused. Either way this is a trend to watch carefully.
    - The market seems to be making lower highs (although the lows seem to have some support at the 1990ish level). Another trend to monitor as markets digest earnings and economic data

  Obama is set to unveil new corporate tax "objectives" and infrastructure spending plans today (let the games begin….). Lastly, from JPMorgan this morning:

  > *"The total universe of government bonds traded with a negative yield was $3.6tr last week, or 16% of the JPM Global Government Bond Index. The investors who buy government bonds with negative yields tend to be those fearing or expecting deflation, speculating on central bank easing , speculating on currency appreciation, central banks such as the ECB and the BoJ, indexed or passive bond funds, and banks, especially those subjected to a negative central bank depo rate……"*

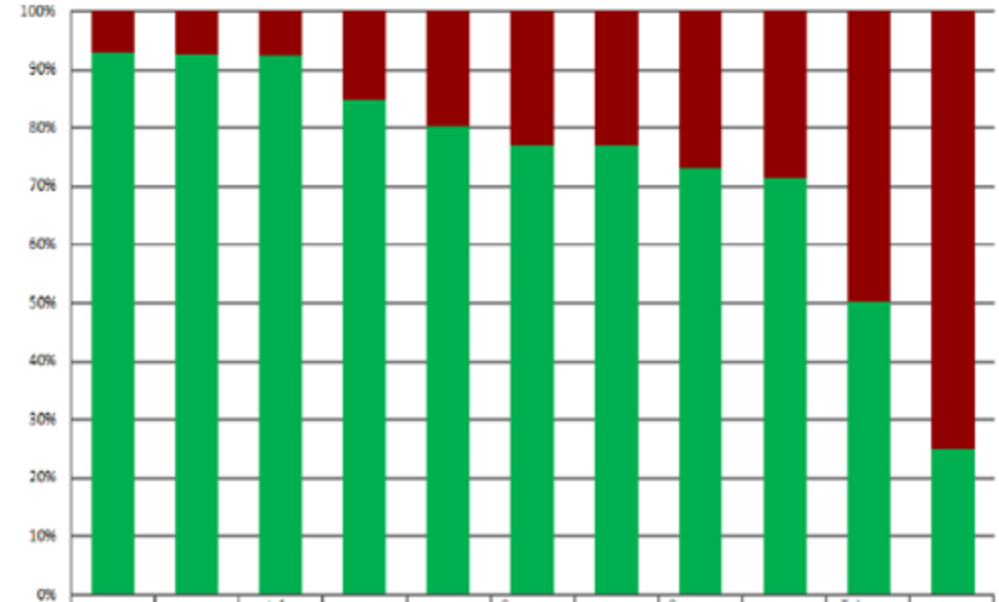
  Eminis: +8. 10 year: 1.69%

- Data: Personal Income prints better at 0.3% (vs. 0.2% exp) while spending was down by -0.3% (vs. -0.2% exp). The biggest drop since 2009…….. Who are you and what have you done with the American consumer?????? Manufacturing PMI and ISM out later this morning. Euro area PMI came in steady at 51 (vs. 51 exp). The big event this week is the employment report on Friday

- Credit: Loans are steady. The technicals are improving (mostly on lack of calendar). Apple announced that they are issuing $5bn of 7/10/30's… Netflix is offering a $1bn of bonds too.

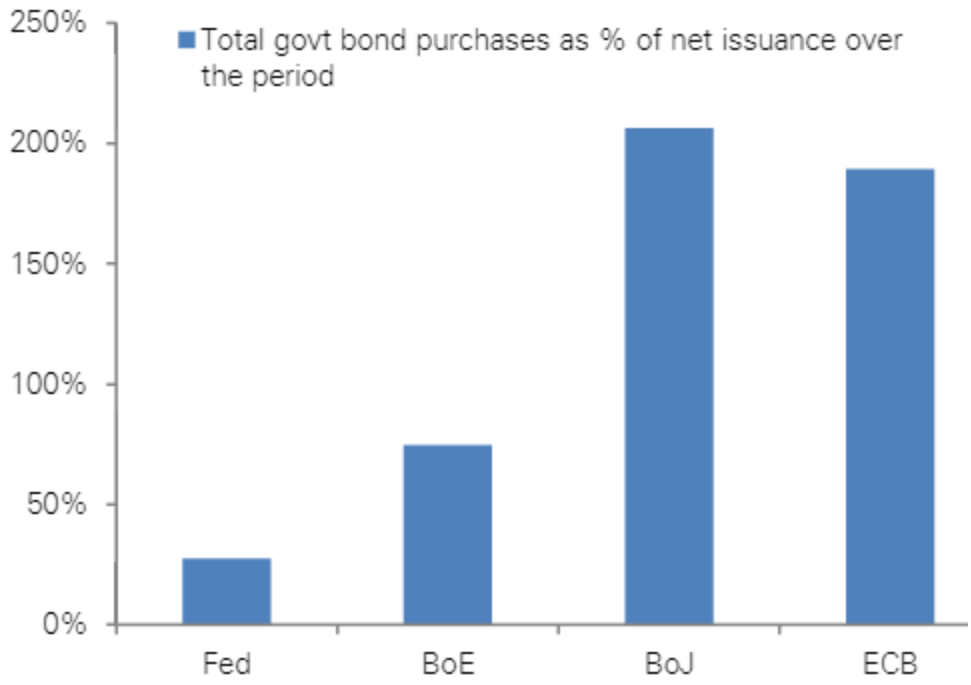
- Earnings:

Q4 2014 Earnings: Above, In-Line, Below Estimates
(Source: FactSet)

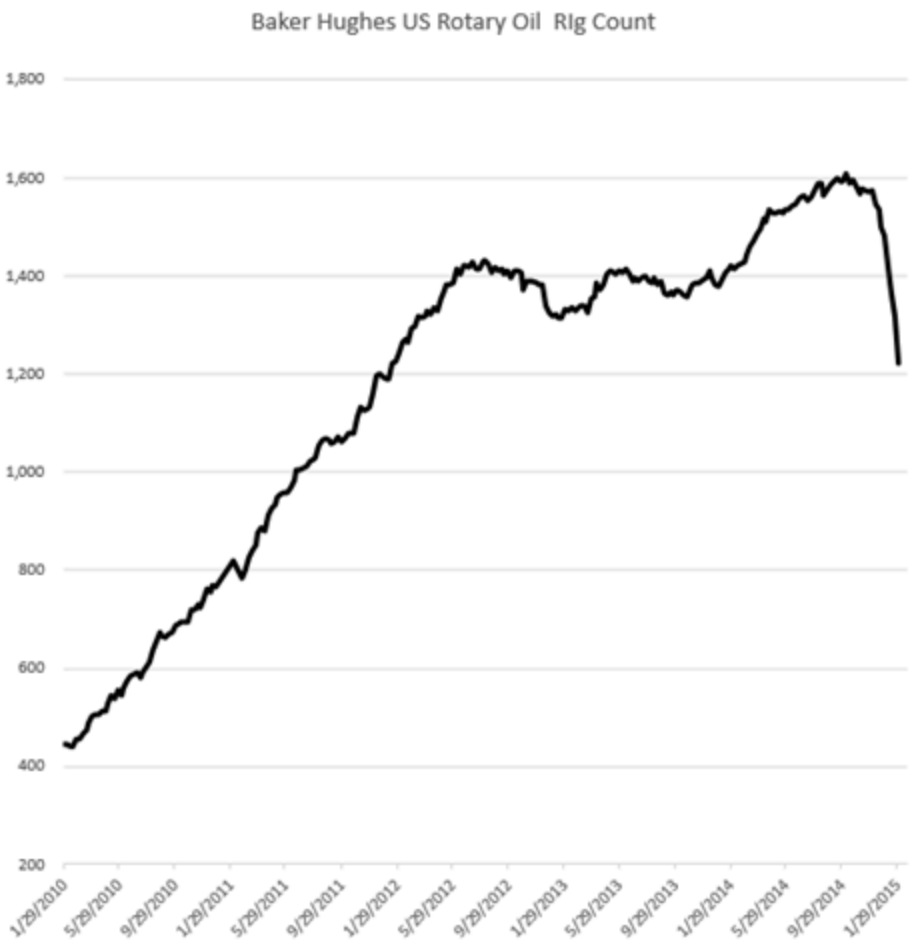


	Materials	Health Care	Info. Technology	Energy	S&P 500	Consumer Staples	Industrials	Consumer Disc.	Financials	Telecom Services	Utilities
Below	7%	7%	8%	15%	20%	23%	23%	27%	29%	50%	75%
In-Line	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Above	93%	93%	93%	85%	80%	77%	77%	73%	71%	50%	25%

- Charts of the Day:



Source: Deutsche Bank, Federal Reserve, BoE, BoJ, ECB, Bloomberg Finance LP, Haver Analytics


Baker Hughes US Rotary Oil Rig Count
1,800
1,600
1,400
1,200
1,000
800
600
400
200
1/29/2010
5/29/2010
9/29/2010
1/29/2011
5/29/2011
9/29/2011
1/29/2012
5/29/2012
9/29/2012
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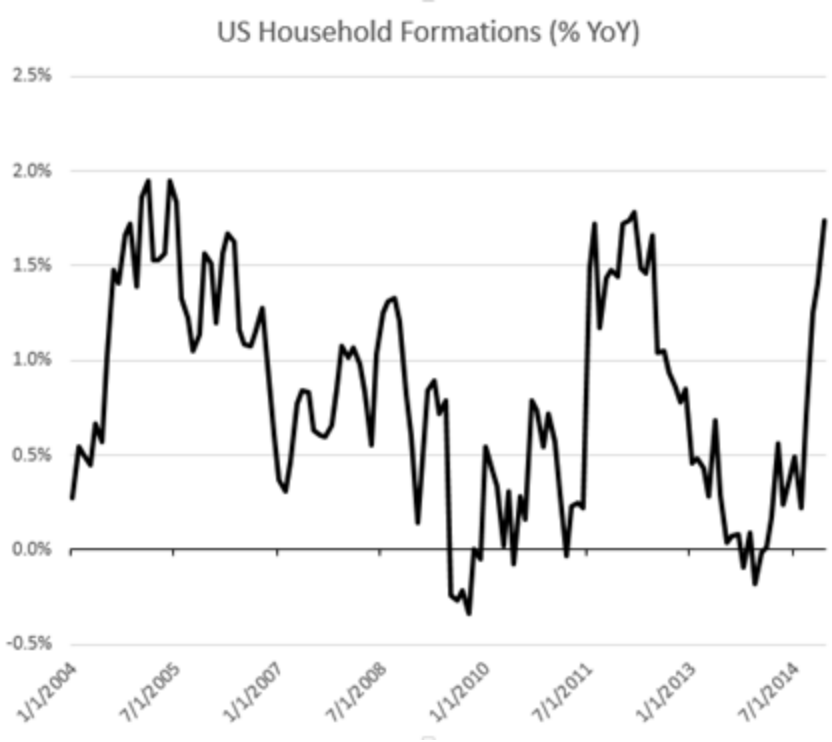
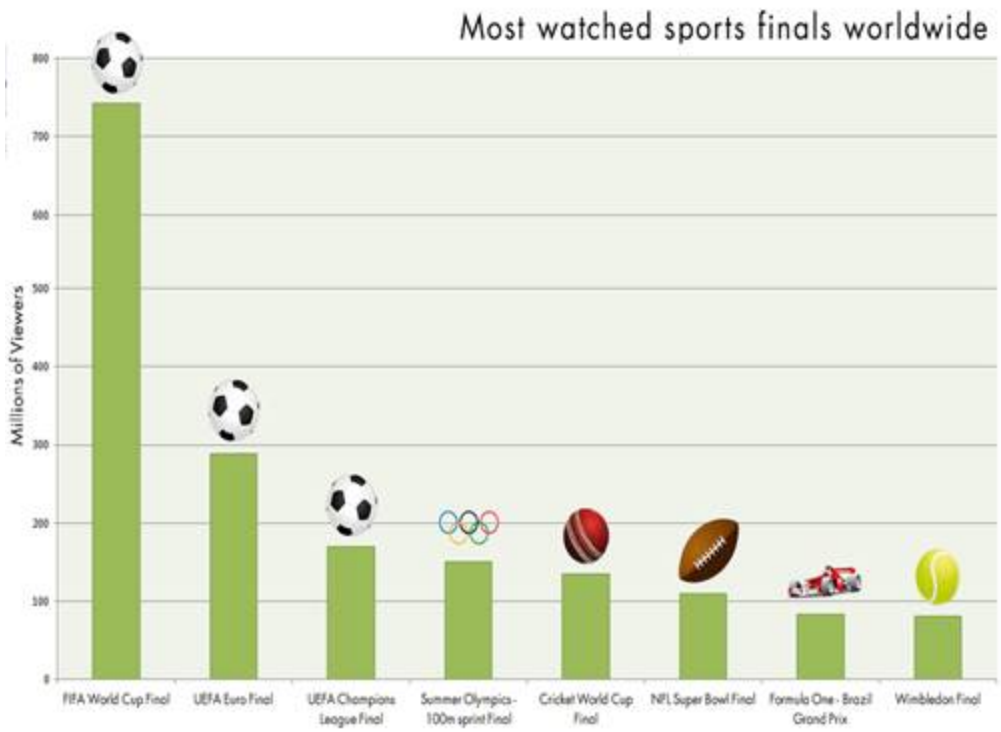


- Other:
    - US companies face billions in Venezuela currency losses, Reuters analysis shows http://www.reuters.com/article/2015/02/02/venezuela-usa-corporations-idUSL1N0V91W320150202?type=companyNews&feedType=RSS&feedName=companyNews
    - Americans are saving their gas dividend, not spending it http://www.wsj.com/articles/savings-at-the-pump-are-staying-in-wallets-1422661976?mod=wsj_nview_latest
    - Employers not under pressure to raise wages http://www.wsj.com/articles/u-s-labor-costs-only-inch-up-in-4th-quarter-1422624850
    - World champions?...



- HY: 105 5/8 (+1/8)
- IG: 70 (-7/16)
- CSLLI: 0.26% mtd / 0.26% ytd

Stan Sokolowski
Senior Portfolio Manager, Head of Portfolio Management and Trading
CIFC Asset Management LLC
250 Park Avenue, 4th Floor | New York, NY 10177
☎ (D) +1 212.624.0931 | (C) +1 203.918.3022
✉ ssokolowski@cifc.com | www.cifc.com

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